

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS O'HARA
TO INTERROGATORY OF AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
(ABA-NAPM/USPS-T31-1)

The United States Postal Service hereby files the responses of witness
O'Hara to above-listed interrogatory, filed on July 6, 2006.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 4, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS O'HARA TO INTERROGATORY OF THE GREETING CARD ASSOCIATION

ABA-NAPM/USPS T31-1

Attached is a table showing Cost Coverages for First Class Mail and Standard A Mail from 1994 on, including a comparison to the system-wide average. Please confirm that the figures in the attached table are correct. If you do not confirm, please provide the correct numbers.

RESPONSE

I believe that two modifications should be made to the data in your attachment.

1. Data for FY 2006, FY2007, and FY 2008 should be updated to incorporate revisions since the original filing. I have included the revised data on the first page of the attachment to my response, just below the original data for these years.
2. Beginning in FY 2000, the CRA provides Standard Mail costs only for Regular and Nonprofit combined and for ECR and NECR combined. In earlier years, costs were provided for each of the four subclasses. Your data for Standard Mail in 1999 (and presumably for 1994 – 1998 as well) are for the commercial portions of Regular and ECR. To get an apples-to-apples comparison of coverages before and after FY 2000, I would recommend aggregating data from the earlier years to the level of detail reported beginning in FY 2000. The second page of the attachment does this for 1999; if you accept my recommendation, data for FY 1994 through FY 1998 should be similarly aggregated.

**Recent Cost Coverages For First Class and Standard A Mail
Compared to System-Wide Average for All Mail & Special Services
Cost Coverage**

Year	System-Wide Average	First-Class Mail Letters			Standard Mail		
		Total	Single-Piece	Presort	Total	Regular	ECR
1994	155%	167%	150%	216%	148%	131%	217%
1995	163%	173%	151%	247%	157%	140%	227%
1996	164%	175%	150%	262%	159%	144%	230%
1997	181%	204%	182%	275%	166%	154%	242%
1998	179%	209%	186%	276%	161%	142%	248%
1999	168%	196%	175%	259%	149%	136%	207%
2000	171%	202%	174%	280%	156%	135%	220%
2001	171%	202%	173%	278%	157%	135%	233%
2002	173%	207%	176%	286%	157%	137%	224%
2003	186%	218%	181%	314%	175%	152%	263%
2004	185%	219%	180%	321%	174%	154%	245%
2005	176%	210%	172%	301%	172%	160%	204%
2006*	188%	227%	187%	332%	178%	160%	244%
2007	181%	217%	177%	309%	178%	168%	209%
TY2008	188%	226%	183%	317%	185%	177%	213%
FY2006BR	176%	214%	174%	303%	173%	162%	207%
FY2007BR	175%	215%	174%	301%	171%	161%	203%
TY2008AR	189%	229%	186%	312%	185%	177%	214%
	System-Wide Average	Compared to Average			Compared to Average		
		Total	Single-Piece	Presort	Total	Regular	ECR
1994	155%	1.08	0.97	1.39	0.95	0.85	1.40
1995	163%	1.06	0.93	1.52	0.96	0.86	1.39
1996	164%	1.07	0.91	1.60	0.97	0.88	1.40
1997	181%	1.13	1.01	1.52	0.92	0.85	1.34
1998	179%	1.17	1.04	1.54	0.90	0.79	1.39
1999	168%	1.17	1.04	1.54	0.89	0.81	1.23
2000	171%	1.18	1.02	1.64	0.91	0.79	1.29
2001	171%	1.18	1.01	1.63	0.92	0.79	1.36
2002	173%	1.20	1.02	1.65	0.91	0.79	1.29
2003	186%	1.17	0.97	1.69	0.94	0.82	1.41
2004	185%	1.18	0.97	1.74	0.94	0.83	1.32
2005	176%	1.19	0.98	1.71	0.98	0.91	1.16
2006*	188%	1.21	0.99	1.77	0.95	0.85	1.30
2007	181%	1.20	0.98	1.71	0.98	0.93	1.15
TY2008	188%	1.20	0.97	1.69	0.98	0.94	1.13
FY2006BR	176%	1.22	0.99	1.72	0.99	0.92	1.18
FY2007BR	175%	1.23	0.99	1.72	0.98	0.92	1.16
TY2008AR	189%	1.21	0.99	1.65	0.98	0.94	1.14

**Recent Cost Coverages For First Class and Standard A Mail
Compared to System-Wide Average for All Mail & Special Services
Cost Coverage**

Year	System-Wide Average	Standard Mail																																						
		Total	Regular	ECR																																				
From interrogatory: 1999	168%	From interrogatory: 149%	136%	207%																																				
<table><tr><th colspan="4">From FY 1999 CRA: Standard Mail</th></tr><tr><th></th><th>Revenue</th><th>Volume- Variable Cost</th><th>Coverage</th></tr><tr><td>Total Standard except single-piece:</td><td>14,316.0</td><td>9,594.0</td><td>149%</td></tr><tr><td>Regular</td><td>7,934.5</td><td>5,850.8</td><td>136%</td></tr><tr><td>Nonprofit</td><td>1,326.5</td><td>1,222.3</td><td>109%</td></tr><tr><td>Combined</td><td>9,261.0</td><td>7,073.1</td><td>131%</td></tr><tr><td>ECR</td><td>4,827.1</td><td>2,335.3</td><td>207%</td></tr><tr><td>NECR</td><td>227.9</td><td>185.6</td><td>123%</td></tr><tr><td>Combined</td><td>5,055.0</td><td>2520.9</td><td>201%</td></tr></table>		From FY 1999 CRA: Standard Mail					Revenue	Volume- Variable Cost	Coverage	Total Standard except single-piece:	14,316.0	9,594.0	149%	Regular	7,934.5	5,850.8	136%	Nonprofit	1,326.5	1,222.3	109%	Combined	9,261.0	7,073.1	131%	ECR	4,827.1	2,335.3	207%	NECR	227.9	185.6	123%	Combined	5,055.0	2520.9	201%	From FY 1999 CRA: 149%	131%	201%
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